

## Message Text

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PAGE 01 STATE 131566  
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FM SECSTATE WASHDC

INFO RUEHOT/AMEMBASSY OTTAWA 6385

AMEMBASSY BRASILIA

C O N F I D E N T I A L STATE 131566

FOL LONDON 08050 SENT ACTION SECSTATE INFO ABIDJAN MAY 22, 1978  
REPEATED TO YOU QUOTE

C O N F I D E N T I A L LONDON 08050

E.O. 11652: GDS

TAGS: ETRD, EAGR, ICCA

SUBJECT: COCOA -- CONSULTATIONS ON RENEGOTIATION OF  
INTERNATIONAL COCOA AGREEMENT

REF: STATE 117952

1. EMBOFF HELD CONSULTATIONS WITH BRAZIL, CANADA AND  
THE IVORY COAST REGARDING U.S. PROOOSALS FOR THE RE-  
VISION OF THE INTERNATIONAL COCOA AGREEMENT (ICCA) 1975.  
INITIAL REACTION OF ALL THREE WAS OOSITIVE AND ALL  
THREE EXPRESSED THEIR DELIGHT THAT THE UNITED STATES  
WAS STARTING ITS WORK AT AN EARLY STAGE. EMBOFF  
PREFACED COMMENTS BY NOTING THE UNITED STATES INSISTS  
WE WILL NOT ACCEPT QUOTAS; WE ARE NOT GOING TO GENEVA  
ONLY TO FAIL; IF OUR PROPOSAL IS NOT ACCEPTABLE TO THOSE  
WITH WHOM WE ARE CONSULTING, WE WOULD LIKE TO KNOW IN  
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PAGE 02 STATE 131566

ORDER TO TAKE THAT FACT INTO ACCOUNT; WE WILL NOT ACCEPT  
THE 1975 ICCA; AND IF THE REACTION IS HIGHLY NEGATIVE  
FROM ALL SOURCES WE WILL CEASE AND DESIST IN OUR EFFORTS.

2. BRAZIL. ECONOMIC COUNSELLOR RACHE AT THE BRAZILIAN  
EMBASSY NOTED THE EARLY INITIATIVE OF THE UNITED STATES  
WILL MAKE THINGS A LOT EASIER FOR ALL CONCERNED. MANY

CURRENT ICCA MEMBERS FEEL IT EASIER TO EXTEND THE AGREEMENT THAN TO RENEGOTIATE IT, BUT THE OUTLINE OF THE U.S. PROPOSAL PRESENTED FOR REVISION MAY MAKE THE DECISION ON WHAT TO DO MUCH EASIER. HE SAID HE WOULD REPORT BACK TO BRASILIA AND LET US KNOW OF THE REACTIONS HE RECEIVES.

3. CANADA. EMBOFF CONSULTED WITH BLUM OF CANADIAN HIGH COMMISSION AND BURNS OF OTTAWA COMMODITIES DIVISION. CANADIANS REACTED IN A POSITIVE WAY TOWARD THE U.S. OUTLINE, BUT REJECTED THE NOTION OF DOING AWAY WITH QUOTAS ENTIRELY. THEY NOTED THAT UNLESS THERE ARE ALMOST UNLIMITED AMOUNTS OF MONEY AVAILABLE, EXPORT QUOTAS WILL BE NEEDED TO BACK UP THE SYSTEM. THEY ALSO BELIEVED THAT PRODUCERS WOULD FIND THE PROPOSALS UNACCEPTABLE WITHOUT A SAFETY NET OF EXPORT QUOTAS. CANADIANS FEEL LEVERAGING OF COCOA IN MONEY MARKETS WILL NOT REMOVE NEED FOR QUOTAS. THE CANADIANS NOTED THAT THERE IS ALREADY A MOVE AFOOT IN THE ICCO TO RENEGOTIATE THE AGREEMENT AT LEAST A YEAR AHEAD OF TIME IN ORDER TO PERMIT MEMBERS TO HAVE TIME TO RATIFY. THIS IS A MOVE BEING LED BY THE CAMEROONS BUT INVOLVING OTHERS WHO HAVE HAD TROUBLE RATIFYING THE CURRENT AGREEMENT IN TIME. IN ANY EVENT, A RENEGOTIATION IS UNLIKELY TO TAKE PLACE BEFORE JANUARY 1979 IN VIEW OF THE SCHEDULED NEGOTIATIONS FOR AN INTERNATIONAL RUBBER AGREEMENT UNDER CONFIDENTIAL

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PAGE 03 STATE 131566

UNCTAD AUSPICES IN GENEVA.

4. IVORY COAST. THE IVORY COAST CAISE DE STABILIZATION REPRESENTATIVE GERVAIS EXPRESSED DELIGHT AT THE U.S. INITIATIVE. HE WAS HAPPY TO NOTE THE CONTINUATION OF IVORY COAST/UNITED STATES COOPERATION ON COCOA AND PARTICULARLY THE FACT WE INCLUDED THE IVORY COAST AMONG THE FIRST COUNTRIES TO BE CONSULTED ON OUR IDEAS. HE SAID THE IVORY COAST WANTS THE U.S. IN THE ICCA AND IS HAPPY TO SEE THE PROPOSAL. HE ASSURED EMBOFF THAT THE PROPOSAL WOULD BE REPORTED TO ABIDJAN IMMEDIATELY. WHILE HE DID NOT EXPECT A REACTION BACK PRIOR TO THE BEGINNING OF THE COCOA PRODUCERS ALLIANCE (CPA) MEETING ON MAY 27 IN ABIDJAN, HE THOUGHT IT INADVISABLE TO BRING THE U.S. DOCUMENT BEFORE THE CPA MEETING. GERVAIS SAID THE CPA IS A NON-GOVERNMENTAL BODY AND THEREFORE NOT A GOOD FORM FOR THE U.S. PROPOSAL. HE ASKED THAT THE U.S. GET BACK TO HIM WITH ANY THOUGHTS IT MIGHT HAVE ON IVORY COAST CONSULTATIONS ON THE OUTLINE WITH TOQO, CAMEROONS AND POSSIBLY KEY NIGERIAN AND GHANIAN OFFICIALS ATTENDING THE CPA MEETING. HE REAFFIRMED HOWEVER, OUTRIGHT CPA CONSIDERATION OF THE PROPOSAL WOULD

PROBABLY LEAD TO ITS REJECTION BY THOSE MEMBERS WHO ARE  
THOROUGHLY WEDDED TO THE CURRENT ICCA. GERVAIS SAID  
THAT IF THE U.S. DECIDES TO USE THE CPA AS A FORM FOR  
PRESENTING THE PAPER WE SHOULD HAVE THE U.S. AMBASSADOR  
IN ABIDJAN DELIVER IT TO THE MINISTER OF AGRICULTURE  
OF THE IVORY COAST. EMBOFF ASSURED GERVAIS THAT WE  
WOULD BE IN CONTACT WITH HIM PRIOR TO PRESENTATION OF  
THE PAPER TO EITHER GHANA, NIGERIA, OR ICCA EXECUTIVE  
DIRECTOR HACKMAN UNQUOTE CHRISTOPHER

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## Message Attributes

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